

# The drive toward outsourcing public services is bypassing democratic oversight

By Democratic Audit

*The Coalition Government has fully and enthusiastically embraced the practice of ‘outsourcing’ through the Open Public Services agenda. But what are the democratic implications? **Daniel Silver** of the Social Action & Research Foundation argues that, despite protestations to the contrary, the evidence shows that outsourcing allows accountability to effectively bypass democratic control, often leaving service users powerless and voiceless.*

Opening up the public sector to competition is nothing new, although the coalition government has intensified and expanded this approach to delivering public services through their [Open Public Services](#) agenda.

A broader range of organisations delivering public services does not in itself mean that democratic accountability is not possible – but in its current format, it

appears to be weakened. Proponents of more ‘choice and competition’ argue that it provides sufficient mechanisms for democratic control: the public are able to choose which providers they receive services from, and so the invisible hand of the market will ensure that only the best organisations survive – meaning that it is people’s choices that control the shape of public services. Health expert [Julian Le Grand](#) argues that this is fundamentally more democratic as ‘funding follows choices’. Instead of a faceless bureaucrat being able to dictate which services are delivered, it is the citizen. This is meant to provide service-users with a real measure of economic power, which they are usually denied, empowering people through granting them the disciplinary force of exiting a relationship with a particular public service provider.

The think-tank Policy Exchange [declares](#) that people “want more choice of providers coming in to deliver public services, and that this desire is especially strong among poorer and more vulnerable groups.” This shows how the 2009 Social Attitudes Survey revealed that “more than eight out of ten people believe that parents should have ‘a great deal’ or ‘quite a lot’ of choice about which state secondary school their child attends.” Of course people should have some form of choice, but the pressing questions that remain unaddressed are: who gets the choice, and what measures are in place to make this more equitable?



(Credit: US Department of Labor, CC by 2.0)

The democratic implications of opening up public services need more thorough interrogation if we are to have a model of choice that is democratic. Existing research simply does not provide a sufficiently robust evidence base from which to fundamentally transform public service delivery. It is largely based upon questions of either do you want choice, or state monopolies, without detail to consider the differential access that will emerge. For instance, the CBI and ACEVO asked whether people prefer 'different providers delivering services rather than monopoly government provision.' Advocates of choice and competition often attack the producer interests of the public sector that resist change. However organisations such as the [CBI and ACEVO](#) represent the new producer interests, namely private industry and national voluntary sector organisations.

If there is evidence that the current model of choice in public services increases democratic control for all citizens, it would be good to see it. However questions remain unanswered and existing arguments could be characterised as what Tom Slater has [termed](#) 'decision-based evidence making.'

Many services are not fungible goods – people often do not 'choose' to consume public services – many people want to go to their local hospital, or send their children to the local school and want these to be as effective as they can be. Public services are fundamentally different to an economic market in that demand is something that requires management, not stimulation. A certain level of need will always exist for public services. Conceiving of a model in terms of supply and demand misses the point. The existing mechanisms that have been designed to create responsiveness to the public are based on market principles and therefore susceptible to the inequalities inherent within such a system.

As a result of the market-based approach that dominates our governance, citizens have become consumers. This is resulting in increasingly privatised and unequal participation due to the tendency of more powerful consumer-citizens to represent their demands in a more effective way. For instance, if middle classes abandon certain state schools, the quality of provision for those that rely on them may be reduced, which would mean that services which exist for people that live in poverty will be correspondingly poor; to mitigate against this, an inequitable level of influence may be [conceded to middle class parents](#). Neglecting social inequalities as a non-concern does not mean they magically disappear.

Ability to choose is often derived from the relation of people to the market economy and so therefore, the more privileged members of society often have more power within the system. As Coote and Franklin [point out](#), 'choices and atomised transactions are constrained and edited by social, economic and environmental factors that favour the better off.' The Centre for the Analysis of Social Exclusion have investigated empirical inequalities in autonomy to show that for the choice agenda to be more equitable, major structural inequalities [must be addressed](#) – not only because of their immediate effects on quality of life, but also because of the significant restrictions they impose on the autonomy of those who are already disadvantaged.

American critical theorist [Nancy Fraser](#) argues that designing a public space in which inequalities are 'bracketed and neutralized' is not a sufficient condition to realise democracy. Yet this is exactly what the current configuration of the Open Public Services agenda appears to be doing within the context of a highly unequal society. There is a unique role for the democratic state to mediate people's access to public services in a way that ensures more equitable outcomes. However, the wholesale out-sourcing of public services strips away the traditional structures that existed before and have not sufficiently replaced them. Instead we have contractual arrangements over which the public have no control and which have little connection to local democratic institutions.

This is clearly evident in the Work Programme. Central government-commissioned providers are delivering local public services, although are accountable exclusively through contract to national government. This means that they escape any form of local democratic control and potential sanctions. Indeed, Work Programme Prime Contractors have no obligation to explain their actions to local democratic structures such as overview and scrutiny committees. Furthermore, corporations that are delivering services locally are prohibited from sharing data with local authorities by primary legislation and concerns of 'commercial sensitivity.'

Accountability effectively bypasses democratic control, delivered instead through contractual arrangements based on a model of Payment by Results (PBR). There is far from enough space in this article to begin to start with analysis of PBR, criticism of which has been likened to saying that [kittens are evil](#). However much is revealed by the declaration of a Work Programme executive, who [revealed](#) that:

‘It’s not about supporting 100 customers. It’s about getting 50 of them into a job. The other 50 are collateral damage. At the end of the day, they [ministers] don’t care about that other 50. It’s an outcome contract, not a service contract.’

This statement raises two important questions:

- What choice exists for those fifty people who are deemed ‘collateral damage’?
- What powers exist for local democratic institutions to be able to represent its residents in order to challenge such a process?

Such issues need addressing before we effectively out-source democratic control over our public services to the vagrancies of the market and bypass local institutions and citizens forever.

*Note: This post represents the views of the author, and not of Democratic Audit or the LSE. Please read our [comments policy](#) before posting.*

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